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FEBRUARY, 1945

Volume XXXIV No. 2

Copyright, 1945
American Management Association
Printed in U. S. A.

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The Management REVIEW

SHORT-RANGE and long-range weather forecasts have long been used by industry in sales and production planning. Not content with mere predictions, however, many companies have turned to temperature and humidity controls to improve and stabilize production. Today, according to an abstract from *The Wall Street Journal* on page 54 **(Industry Does Something About the Weather)**, more than 200 industries rely on artificial weather in their operations.

Many manufacturers will remember when production of highly absorbent materials, such as bouillon cubes and certain chemicals, had to be halted in humid weather. Today industries turning out such products prescribe their own weather, and operations are maintained around-the-calendar. Bouillon cube makers, for instance, hold the thermometer at 70-72 degrees and maintain a constant humidity of 30 per cent—with the result that production and employment are more stable. Manufacturers of the magic drug, penicillin, must also keep constant temperature and humidity to make sure their product does not vary from batch to batch. Synthetic rubber is another industry that has had to turn to temperature control.

During the war years weather regulation has proved a boon to industry. The accuracy of our bombardiers can be traced to the optical industry's control of weather, for in the assembly of binoculars or gunsights temperatures cannot vary by more than a few degrees. In making the propulsion gears that drive our merchant ships, Westinghouse Electric & Manufacturing Co. holds the temperature in its cutting rooms within a four-degree range.

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THE MANAGEMENT REVIEW is published monthly by the American Management Association at 330 West 42nd Street, New York 18, N. Y., at fifty cents per copy or five dollars per year. Vol. XXXIV, No. 2. February, 1945. Entered as second-class matter March 26, 1925, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

Changes of address should be forwarded to the publisher *one month in advance*, and postal unit numbers should be included in all addresses.

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

THE MANAGEMENT INDEX

General Management

"Apartment Houses" for Industry in Government Plants

MULTIPLE tenancy—many companies occupying one building or group of buildings—is not a new idea. But it is fast gaining attention as housing for large and small companies in government war plants.

Most multiple-tenancy projects have been in the largest population and industrial areas. The reason, of course, is that these are key distribution points for larger companies, and provide small manufacturers with an entire market, either among the consumers in the community or the local industries. But there are other joint-occupancy developments in Dallas, Milwaukee, and Manchester, N. H., which suggest that multiple tenancy in war plants can go far beyond the largest manufacturing cities.

More than half of the government plants are good size, running over 100,000 square feet, and no fewer than 29 range from 1,000,000 to 5,500,000 feet. The Dodge plant in Chicago, the Wright plant at Lockland, Ohio, and the Consolidated-Vultee plant in Ft. Worth are all 5,000,000-footers or better. Each could probably house 500 to 600 substantial tenants.

There is enough space to make multiple tenancy of war plants interesting to thousands of companies; moreover, there are enough advantages to make it worth considering seriously.

Both the Defense Plant Corporation and the Smaller War Plants Corporation are keenly concerned with seeing multiple tenancy become a major trend. DPC, of course, looks on this as a broader market for its plants, while SWPC sees an important opportunity to cut in small business on the inventory of modern plant facilities put up for war purposes.

Adding up all this interest—from industry and government and the self-interest of war communities themselves—one might say that multiple tenancy is all set to go with a bang the minute plant disposal gets under way. But there are big obstacles to overcome.

First is price. Few war plants, even general-purpose plants, will be exactly suited for one or for many tenants. They will have to be adapted to new requirements. In some this means waste space, or ceilings that are too high. Too high ceilings, in turn, means costlier heating, and lighting. The price, therefore, whether it be purchase or rental, must be low enough to offset these minor but very definite disadvantages.

Present indications are the DPC will

For publishers' addresses or information regarding articles or books, apply to AMA headquarters.

take a realistic attitude on price when the time comes. Officials recognize, for instance, that many plants were put up on a rush-order "the war can't wait" basis with high overtime and materials costs. These obvious wartime extras will be discounted. Part or all of the costs of adapting the plant to peacetime use will be another deduction from book value as shown by cost less depreciation. Finally, it is possible that book costs will be thrown out in favor of a going value based on the worth of equivalent space in the area.

Terms of the deal will be important too. Anyone undertaking a multiple-tenancy project knows that it will take time to fill up the space. Here again DPC is considering an arrangement which should make it attractive. As one industrial engineer commented, "The suggested 5 percent cash plus a mortgage gives real estate interests, present plant operators, or any other group at least a good run for the money with little cash risked."

DPC officials recognize that the U. S. taxpayer who bought the building is better served by having a plant put to work, even at bargain terms, than by sticking to prices which would leave it idle—with a resulting drop in employment and a 100 per cent loss on the investment.

If price and terms are favorable, a final obstacle remains to be overcome: Who takes the lead in getting multiple-tenancy projects under way?

Both DPC and SWPC believe strongly that building management is not something for government to get mixed up in. They insist that any such effort is up to industry itself, the communities, or established real estate interests.

Those who have studied the subject say that local real estate companies with building management experience could take over smaller plants—those up to 150,000 feet—and run them on an absentee basis. Big plants, on the other hand, invite and could support resident building management along with a full range of "apartment house" services.

Second possibility, as seen in Washington, is for the communities themselves to develop multiple use of nearby war plants.

A third solution is for present plant operators to become interested in taking over the plants and renting out the unused portions to many tenants. At least one large war producer is interested in holding on to the plant for its own future needs in this way, meanwhile making it carry itself. Company officials even figure on supplementing rentals with income from engineering services, and see an outside chance of picking up some business as subcontractors to their own tenants.

A fourth possibility has been suggested, though not seriously considered as yet: that groups of companies in related or even competing fields jointly take over and operate large war plants. Some of the advantages would include savings through joint sales and display rooms, testing departments, and purchasing staffs. Chambers of Commerce, real estate operators, and communities are far more likely to get behind and push if they know that several companies are seeking inexpensive up-to-date plant space in their town.

Meanwhile, DPC in Washington urges those who want more information to get in touch with local Reconstruction Finance Corporation headquarters. They will soon have descriptive booklets on all the plants on hand and will be glad to discuss possibilities. Or write to DPC, 811 Vermont Avenue, N.W., Washington, D. C.

Modern Industry, January 15, 1945, p. 41:4.

The Russian Market—Or Is It?

POSTWAR business with Russia can be anything from a miscellany of items like caviar and furs to a much-needed nest egg for all U. S. economy, depending on whom you talk to.

A quarter of a million corporate advertising dollars guess that, whatever it comes to, it will be important. That is about the sum being laid out by 700 companies for space in the *Catalogue of American Engineering and Industry,* now being prepared by Russian representatives in New York for the use of purchasing agencies in Russia. Several companies are taking as many as 15 pages at $200 a page.

Moderately reasoned estimates of what Russia will buy after the war run the gamut of temperaments, perhaps of political predilections. At the extremes are an estimate of $500 million a year and one of $5 billion. So canny an observer as James H. McGraw, Jr. (McGraw-Hill) cites, with reservations, estimates of the top figure for the first three years to be followed by a tapering off to $2 billion. More often heard are figures somewhere between $1 and $2 billion annually for the first few postwar years. Foreign Sales Vice President A. M. Hamilton of American Locomotive thinks, "Soviet Russia is potentially our greatest postwar customer."

Some indication of what kind of goods Russia will be needing after the war may be gleaned from what it has required during the war in form of lend-lease shipments. Items that have bulked large, and will probably continue important in commercial postwar transactions with Russia, include airplanes and parts; locomotives, freight cars, and steel rails; machine tools; equipment for oil drilling, refineries, and power plants; heavy coal-cutting machinery; and light machinery for making automobile tires. On the other hand, some prominent lend-lease commodities will probably fade out of postwar trade with Russia, such as foodstuffs, petroleum products and equipment for making ordnance, munitions, and other primarily military items.

There are other commodities which have not figured importantly in lend-lease but for which an informed consensus estimates a large postwar demand from Russia. These range all the way from breeding stock and seeds to finished products ready for use—motorized barges, icebreakers, ocean-going ships, tractors and combines. There will also be heavy machinery and equipment for steel-making, mining, road and shipbuilding, and other shipbuilding, and other construction, and for the chemical and pharmaceutical industries. There will be light machinery for other manufacturing and processing industries, such as household equipment, radio tubes, plastics, canned food, textiles, moving pictures, and others among the many things the Russian consumers long to have as the social dividends from their investments in toil and sacrifice.

There is, however, a danger in too general terms any estimates of the correlated importance of the Russian need to import and the U. S. desire to export producers' goods. Limitation of plant capacity in the U. S. may set a ceiling. Of course plant could be maintained and adapted in the direction suggested by Russian bidders, but there is some doubt that funds will be spent for such purpose, inasmuch as eventu-

ally the Russian market will probably dry up.

Another limiting factor on possible U. S. trade with Russia is the heavy equipment and skilled technicians that Moscow might get from Germany by a reparations program such as some Soviet economists seem to have in mind. Also there is the potential factor of foreign competition, which for some time can mean chiefly British Empire competition, plus perhaps some from Sweden. The United Kingdom will have the advantage of the short haul. It will also enjoy an advantage in some special fields, *e.g.*, parts of the tool-steel business, and in general because it uses the metric system, 60-cycle motors, and other items that gear in well with Russian practice. On the other hand, many major Soviet industries were blueprinted by U. S. engineers, set up by U. S. technicians, equipped by U. S. firms, and are operated on lines fundamentally the same as those of U. S. industry in the same fields. And these fields in which we have a competitive advantage—consolidated by lend-lease —cover a wide area in the postwar Soviet economy.

Russia's capacity to pay for all the things it needs is a fundamental question to which all the answers do not lie within Russia. It has a lot of gold, being second only to South Africa in its production, and the general sense of the Bretton Woods conference suggests that the world from which Russia wishes to buy will be willing to accept gold in payment. But instead of boosting gold production now, the Russians may prefer to apply an equivalent effort to building up the industrial production of some other exportable commodity, saving their gold as a future offset against long-term credits. Or they may choose, if they are allowed, to finance almost all their immediate postwar imports on credit.

On the question of bilateral U. S.-U. S. S. R. trade, the fact must be borne in mind that while Russia presumably wants even billions of dollars of American goods, our imports from Russia have never exceeded 1941's high of $29,127,000—a drop in our import bucket. The total of the major items exportable by Russia, let alone the infinite variety of others, is over $400 million annually. E. C. Ropes, Department of Commerce expert on Russia, believes that during the first postwar decade it should come close to the average annual exportable surplus figure for the period 1929-38, *i.e.*, nearly $500 million a year.

The amount of Russian exports that the U. S. buys can be increased or decreased by U. S. policy. Friendly measures would include, in the first place, revision of tariff schedules in line with the current trade agreement between Russia and the U. S. (which is without term). Revision can probably be carried further than it has been without opposition from any important U. S. producing interest. Next, U. S. importers in general could, like U. S. fur houses, maintain in Russia buyers fully acquainted with the grading and packing requirements for the U. S. market; some Russian products would consequently become more readily salable here. Again, Russia can be assisted to raise the level of its technical training in order to develop the skilled hands it must have if it is to export a volume of manufactured products. Finally, provided postwar Russia offers travelers a warmer welcome than did prewar Russia, efforts can be made to steer toward Russia's battlefields, Black Sea beaches, and beautiful mountain

ranges a goodly share of postwar U. S. tourist expenditures.

But even if we assume that during the first postwar years the U. S. will buy a substantial part of Russia's annual potential exports plus, perhaps, absorbing some gold payments, no approach can be made to the tremendous possibilities of U. S. exports to Russia except on a credit basis.

Currently the Foreign Economic Administration is working on a 3C Agreement (provided for in Section 3C of the Lend-Lease Act) which would permit Russia to buy on a long-term credit basis any dual-purpose goods (*e.g.*, chemical plant equipment usable after as well as during the war) ordered under lend-lease. This would protect U. S. producers who otherwise might be disorganized by sudden cancellations of anywhere up to $1 billion worth of orders because the war ended. For strictly postwar purposes, FEA favors separate legislation looking toward a trade agreement for devastated countries. This would help Russia speed its reconstruction program and help the U. S. readjust its export level, which is now almost eight times the prewar figure. When Russia would become interested in such an agreement would depend on developments in the Far East after VE-day. If Russia enters the war against Japan, lend-lease will certainly continue and during that time no high level of private trading is likely.

If credits were to be advanced to Russia by private bankers, the Johnson Act prohibiting loans to nations in default on previous debts would have to be modified or repealed. At present the American-Russian Chamber of Commerce, behind which stands the Chase National Bank, long a fiscal agent of the Soviet Government, is preparing a big campaign to effect that repeal. And it is rumored that five other large banks are discussing a combination to enter the field of financing Russian commerce, presumably in competition with Chase. So there is real steam in the prospects of private banking credits for Russia—in what volume, no one yet can guess.

What will happen in the long run is a matter for licensed crystal-gazers. There are some who fear that eventually Russia would build with our bricks an industrial structure that might crowd us out of the world market. Donald Nelson, after looking over Russian industry, offered a soft impeachment of that view: "I don't expect to see Russia become what you would term a competitor for world markets for at least 20 years."

Fortune, January, 1945, p. 153:10.

Home Front Prosperity

HOW MUCH more prosperous is the American family than it was two years ago? Results of a nationwide survey made during October among a cross-section of families in 113 cities and towns, The Psychological Corporation reported last month, show that 31 per cent are more prosperous, 46 per cent about the same, 20 per cent less prosperous, and 3 per cent "don't know."

—*Advertising & Selling* 1/45

• AIR PASSENGER TRAVEL will increase sevenfold and air express thirty-fold within five years after the war ends, according to a survey by Dr. D. H. Davenport, of Curtiss-Wright Corporation. The survey also indicates that passenger fares may go as low as 3.5 cents a mile and express to 30 cents a ton-mile.

—*The Weekly Underwriter* 9/2/44

Office Management

Taking Your Desk Out of Doors

A RECENT magazine feature article shows a popular novelist working in the shade of a tree on the broad lawn of a country estate. No doubt many a white collar worker has looked at the picture and said, "Lucky gal—she has everything" . . . broad vistas of enchanting landscape every time she lifts her eyes; nothing to mar the effect of the distant sky, with only the foliage of the trees to serve as a frame for the picture; plenty of natural light that requires no attention; everywhere an impression of abundance.

Fortunately modern science has discovered ways of creating this feeling of natural abundance indoors. Science has now taught us that we can have color indoors—reds, greens, blues, and yellows have all been used successfully on walls. The same principle has been used to a lesser extent on desks, filing cabinets, and other furniture. Even typewriters and billing machines have taken on lighter hues. White stippled floors have proved comfortable and attractive. When scientifically treated, any room acquires an air of spaciousness and comfort that it never had before. But such changes are jobs for the expert light and color specialist. They are not for the amateur. Green grass may be bright and stimulating under 800 foot-candles in the shade of a tree. Bring it indoors, where even modern offices have less than 5 per cent of that amount of light, and it is no longer pleasing.

Even the whitest of white paint would not be so bright under indoor lighting levels as green grass in the shade of a tree. If we are to make our indoor world natural, we must make our hues much lighter by diluting them with white pigment and increasing the amount of light. It is just as ridiculous to put grass green on an interior surface as it is to put an automobile engine in a vehicle designed to be drawn by a horse. But by introducing carefully selected hues, making all interior finishes lighter, and adding more light, we can produce a very efficient and satisfactory substitute for nature's combination of color and brightness. With indoor lighting levels we must use much lighter hues to equal nature's brightness.

The purpose, then, of using an assortment of colors of very light hues is twofold:

First it is desirable to increase depth of field. Since office lighting is necessarily uniform, we have too little shadow to produce a sense of distance. When contrasting hues are properly used, the sense of crowding and the monotony of the vista can, to a large extent, be eliminated.

The second benefit from the use of very light color, is the increase in utilization of light. Light striking a light-colored desk, wall, or floor, is reflected back to the ceiling, and may even make several return journeys. Light utilization factors as high as 134 per cent have been secured in practical installations by utilizing this principle.

In addition to these two factors, the final step in taking your desk out of doors is to supply an abundance of stimulating light. If yours is an average building, you probably have an

illumination of 10 to 12 foot-candles in your office; the floors are dark brown; the walls a dingy buff; the ceilings white or light buff; and the desks of golden oak. Black linoleum or steel desks are even worse. Probably you are using two watts for every square foot of floor area for lighting, although nature supplies 800 foot-candles in the shade of a tree. If you will refinish the ceiling with a white or cream paint of at least 85 per cent reflection, and have the walls, floor, and all furniture refinished in expertly selected hues of at least 70 per cent reflection, illumination will be increased 100 per cent or to 25 foot-candles.

If you are in a typical building you have probably already reached the limit of your wiring system. Make whatever changes in the wiring may be necessary to double the load. It is possible that changing the branch circuits to 220 volts will do it. Now install a good system of luminous indirect lighting, using fluorescent lamps of either the high- or low-voltage variety. Since the efficiency of fluorescent sources is roughly twice that of incandescent, you should now have in the neighborhood of 100 foot-candles maintained—in other words, eight times as much light for twice as much electrical energy. Note that this efficiency is possible only when floors and desks are very light in color. When this condition exists, utilization coefficients in excess of 100 per cent have been attained, because the same light ray may be used more than once. Relatively, you have duplicated the seeing conditions in the shade of a tree right in your office.

The office conditions described are quite practical with equipment that may be secured now or as soon as war restrictions are lifted.

By ARTHUR A. BRAINERD. *NOMA Forum,* February, 1945, p. 3:3.

Too Lenient or Too Severe?

OFFICE managers may err in one or two directions. They may be too lenient, or they may be too severe. Here are some good danger signals to watch for. If you are too lenient: (a) Your workers will display a lax attitude toward the work to be done; (b) they will begin to impose upon your good disposition; (c) they will exhibit a lack of respect for you; (d) your reprimands will have little or no effect; (e) your praise will lose its power to stimulate them.

If you are too severe: (a) Your employees will begin to avoid you; (b) they will display a stubborn or sullen attitude; (c) turnover in your office will be high; (d) your employees will begin to turn out less work; (e) their dislike will be manifest by opposition to the things you are trying to accomplish—this opposition is hard to detect but will usually be shown by decreased production.

The most dangerous policy in handling subordinates is to ignore them. If the job doesn't seem important to you, it doesn't seem important to your employee. Don't be afraid to give praise, but praise the work and not the worker and praise his work in the presence of others as proof of your sincerity. Don't hesitate to criticize, but criticize the method and not the intention, and do it in private. Don't take yourself too seriously, but remember you are a pattern for your subordinates. Insure your own job by encouraging your own subordinates to push you up the ladder. You are the sparkplug of your organization. Real pride comes to an employee when he senses that he is doing well because he is following the way you prescribe for him, and he secretly gives you the credit for his success. Handle all grievances systematically. Listen attentively to the entire story. Don't cut the employee short by saying you know all about it. Get all the facts and then adjust promptly.

—Myron E. Garrelts in *NOMA Forum* 10/44

Severance Pay in Union Agreements

DISMISSAL or severance compensation generally refers to payment, in addition to wages or salary, of a sum of money by the employer to an employee who is involuntarily laid off or discharged through no fault of his own. The amount of dismissal pay is in almost all instances based on an employee's length of service with the company, his rate of pay during such employment, and the reason for his dismissal. A few severance wage plans make no distinction as to reasons for dismissal and provide payment to employees discharged for cause, as well as to those who retire or resign.

Under most plans, the dismissal payment varies directly with the amount of earnings of the employee. A week's wages or a month's salary is usually the unit for determining compensation. Most plans also relate compensation to length of service, but generally establish a limit on the amount payable to any individual worker—in terms of either a number of weeks' or months' pay or a specified sum. Dismissal compensation almost invariably is paid in a lump sum, although a few plans provide for periodic payments at regular weekly intervals.

As a rule, dismissals are compensated only if they are caused by circumstances over which the employee has no control, and some plans are further limited to cover dismissals resulting from technological changes or business mergers but not general layoffs caused by slack work. Although dismissal compensation is sometimes paid to employees dismissed because of incompetence or inefficiency, generally the service requirements are higher and the maximum dismissal allowance is less than in the case of dismissal because of business reasons.

In the past, and to some extent today, dismissal compensation indemnified the employee for final loss of his job and connoted a complete and permanent severance of the employment relationship; it represented a payment made from breaking a valuable relationship rather than reimbursement to cover a period of unemployment and was intended to compensate the worker for the loss of certain rights acquired on the job, such as seniority, vacation, pension, or retirement benefits. Most current union agreements, however, in providing dismissal pay do not distinguish temporary layoff from permanent separation. Some agreements, notably those covering clerical or professional workers, do not use the term "layoff"; others use the term to denote dismissals; while still others allow dismissal pay to workers "laid off or dismissed."

The American Newspaper Guild, which has succeeded in making dismissal pay a basic condition in practically all its agreements, regards it as an equity which the individual employee builds up on his job and for which he should be compensated regardless of the reason of severance—whether for incompetence or other personal cause, or for economic reasons, by resignation, retirement, or death. The Guild is accordingly opposed to the use of the term "dismissal pay" and prefers "severance pay."

Most union agreements, whether or

not they provide for dismissal pay, specify that employees laid off shall not lose their seniority status if rehired within a specified period. Also, an employee who receives dismissal pay when laid off does not lose status with the company but maintains reemployment rights based on his past service with the company, entitling him to be rehired before new persons are employed. Under dismissal plans which allow only one or two weeks' pay seniority probably accumulates during layoff, and reinstated employees would again receive dismissal pay, if again laid off, based on total service. Under a very few of the plans which allow more than one or two weeks' pay, if reinstatement takes place within a short time, it is provided that a portion of the dismissal pay be returned to the company through deductions from wages. It is not clear, in these cases, whether an employee again laid off would be credited with prior service in determining the dismissal pay to which he is eligible. Under the Newspaper Guild agreements, and most others, there is no return of the dismissal pay but the reinstated employee, if laid off again, receives dismissal pay based on length of service only since the date of rehiring and not on total accumulated length of service with the company.

Dismissal compensation has not been common in American industry. In only a few industries, notably newspaper publishing and railroad transportation, have such provisions been adopted to any considerable extent through collective bargaining procedures.

Approximately 450 dismissal pay plans covering about 135,000 workers were found in 9,500 current agreements examined. This did not include provisions in union agreements providing for advance notice of layoff or pay in lieu of such notice, or dismissal pay provisions in union agreements which contain guarantees of employment and in which such payment is made only in the event the guarantee is voided under stipulated circumstances. Slightly over a third of the dismissal pay agreements were negotiated by the American Newspaper Guild (C.I.O.), covering approximately 20,000 workers; a similar proportion, covering about 7,500 workers, were negotiated by the International Typographical Union (A.F. of L.); about one-sixth, covering between 5,000 and 7,000 workers, were negotiated by the United Office and Professional Workers (C.I.O.); and the remaining agreements, negotiated by various unions, covered about 100,000 workers.

By Abraham Weiss. *Monthly Labor Review,* January, 1945, p. 47:16.

Seniority Before the WLB

RECONVERSION . . . cutbacks . . . returning veterans . . . The alert employer knows that these harbingers of military victory also will bring seniority problems into his plant. Has he a seniority policy that will assure harmonious and equitable settlement of grievances over promotions, demotions, and layoffs, so that speedy efficient resumption of peacetime production will not be impaired?

The War Labor Board has frequently ruled that seniority should prevail when promotions are made, if all other factors are equal. This attitude was enunciated in cases involving the Detroit Steel

Products Company (February, 1943), the American Brass Company (June, 1942), the Underwood-Elliott Fisher Company (October, 1942), and many others.

The Board also has ordered in various cases the seniority provision with no other qualification than "skill and ability to do the work" rather than "equal skill and ability." This was the Board's ruling in the Holtzer-Cabot Electric Company case (October 18, 1944) and others.

But either of these seniority provisions is merely a general principle. They become meaningful only when applied to the day-to-day problems in any one plant. Application of the seniority clause must vary from one plant to another to meet the particular problems which are faced.

Discussing whether seniority should be qualified only by "skill and ability to do the work" or "equal skill and ability," Dr. Edwin C. Witte, Public Member of the National Board, declared in a majority opinion on the Holtzer-Cabot case:

"Which of these qualifications is preferable would depend on the peculiar facts in each case . . . Under a provision granting seniority only where skill and ability are equal, seniority may be rendered well-nigh meaningless by the employer's insistence that his judgment may not be questioned. Conversely, a union can very seriously handicap an employer under a clause qualifying seniority only by ability to do the work, if it fails to recognize that wide differences in proficiency are a legitimate consideration in layoffs and still more in promotions. Neither of these qualifications, any more than any other provision in a union contract, will work satisfactorily unless there is good will on both sides and an earnest desire to make the contract work."

We have, therefore, said on the War Labor Board that sound seniority policy is one that is hammered out by the parties in the process of their daily collective bargaining. This position was very ably expressed by Dr. George W. Taylor, Vice Chairman of the Board, in an address before the American Management Association in New York in May, 1944:

"I look askance at every case in which we of the War Labor Board are asked to develop seniority provisions. No group of persons can design seniority clauses that can be applied satisfactorily in hundreds of plants. Cogent reasons exist why such matters should be worked out through collective bargaining. For example, a seniority problem is one thing in an expanding industry and something altogether different in a contracting industry."*

I have quoted from Dr. Taylor's talk because it expresses clearly the War Labor Board's recognition that seniority problems can best be worked out locally through collective bargaining after examination of problems in a particular plant.

In addition there is the problem of seniority rights for employees returning from military service—a problem which is now present to some extent but will become more serious after the war.

When the National Service Act was passed, this problem was foreseen and an attempt was made to meet it. The Act provided that when an employee left a position to enter armed service in defense of his country, then returned and wanted his job back, he should get it back—provided that he was "still qualified to perform the duties of such

* See *Personnel Series Number 81*, pp. 3-19.

position" and applied for rehire within a certain period after leaving service. Further, the provision stated that the position should be "of like seniority, status and pay unless the employer's circumstances have so changed as to make it impossible or unreasonable . . ."

The Board's attitude is best illustrated by action it has taken on several recent cases. In deciding these cases the Board has followed the provisions of the Selective Service Act and has denied union requests to amplify or modify these provisions.

The amount of seniority accruing to an employee returning from armed service was clearly stated by the Board in the Bell Aircraft Corporation case (July, 1943) as follows: "[An employee's] record of continuous service shall be deemed not to have been broken by his absence [while in armed forces]." Thus the employee's right to the job was stated in words closely similar to those of the Selective Service Act.

Incidentally, an employer need not obtain from WLB permission to rehire a veteran at his pre-induction salary, or a larger one if increases have been granted during his absence to which he would have been entitled had he been continuously employed. If he is placed in a job with a higher rating than the one he left, he may be paid the regular established rate for that job, applicable to an employee of his skill and ability, and reflecting any increases due to seniority.

By THEODORE W. KHEEL. *Commerce Magazine,* January, 1945, p. 19:2.

Veterans' Super-Seniority

THE Regional War Labor Board in Boston has just issued a release branding as a "misinterpretation" the view that it recently ruled the draft law does not grant a veteran super-seniority but only the seniority he would have accumulated had he remained on the job.

"In the only case involving this issue yet to come before the Board," said Sam Wallen, Regional Board Chairman, "the company's request for such a so-called 'super-seniority' clause was denied on the ground . . . that 'it is the intent of the Board that applicable provisions of the Selective Service Law shall apply.' In other words, the Board is of the opinion that interpretation of the Selective Service Law in regard to the seniority rights of returning veterans is solely within the jurisdiction of Selective Service authorities and not a function of the War Labor Board."

In the case in question the Board denied the company's request for a contract clause providing that in case of layoff a veteran should have prior claim to a year's employment and should not be laid off in accordance with seniority rules.

The panel which heard the case was of the opinion that "the request, as well as [Selective Service] Memorandum 190-A,* is inconsistent with the intent of the Selective Service Act. The intent of the latter is not to give a positive benefit to the returning serviceman, but to protect him against loss of seniority he would otherwise have obtained."

The Board's directive order read: "The company's request on seniority with respect to returning servicemen is denied. It is the intent of the Board that applicable provisions of the Selective Service Law shall apply."

* Part IV: "A returning veteran is entitled to reinstatement in his former position or one of like seniority, status and pay, even though such reinstatement necessitates the discharge of a non-veteran of greater seniority."

• A COMMERCE DEPARTMENT estimate puts "consumer spending" on goods and services during 1944 at $97 billion, compared with roundly $91.5 billion in 1943 and only $61.7 billion as recently as 1939. —*The Wall Street Journal* 12/22/44

Production Management

Time Study and the Foreman

SOME companies have assigned to the time study department the duty of seeing that the methods of doing a job are correct. Others have a methods or job planning department which has that responsibility. Still others leave to the foreman and superintendent of the department the responsibility for determining how the job will be performed. Whichever method is used, the shop foreman should check over the methods by which the job is to be performed before the job is timed and should have the responsibility of seeing that everything is in good condition. An engineer or time study man might devise a method of doing a certain job which the shop foreman or his superintendent would know would be impracticable because it would require machinery or equipment that the company does not possess, or because it would not fit into the general line of operations. Consequently, decision that the job is ready to time should be made by both the foreman and the time study department.

In some cases, foremen are careless; in others, they allow a job to be timed when they know that the methods are not the best that are practicable or that the feeds or speeds are set too low. In such a case, if the job is timed under inefficient conditions, operators can introduce better methods after they get into production and "run wild" with the job. They can, at their own choice, either earn wages which are out of line with comparable occupations or earn wages which are comparable but without putting in a reasonable day's work.

The foreman's second responsibility is to select the operator or operators who are to be timed. Because he knows his men, he is better qualified to determine who is an average, competent operator than is the time study department; but if the time study department find that the operator, after the job study begins, is laying down on the job, the study must be halted.

Third, the foreman should watch the job closely while it is being timed. He should be present when the timing begins, and if it is a short operation, he should remain through one or more cycles while the job is being timed. If the operation takes so long that he would have to neglect his other work, he should be present for a time to see that the job is running right and should return frequently to observe the way the job is running and to note whether the operator is giving a satisfactory performance and whether the time study observer is following the job competently.

Fourth, an important practical problem in time study is to get the worker's cooperation. Some employees, when tried, do not put forth good effort. Age, nervousness, physical condition, degree of experience, and other factors may affect the efficiency of the workers being timed. In other cases, workers slow down deliberately to get a loose standard on the job, and it is possible for workers to fool the time study men by appearing to put forth a lot of effort when they are not doing so. A

man may pretend to be pulling very hard on a lever or wheel or other operating device when he is, in fact, exerting very little pressure.

The foreman knows better than the time study department whether or not the workman is giving good effort. If the workman is not cooperating, it is the foreman's duty rather than the time study man's to deal with the situation. If he cannot get satisfactory performance, the time study should be discontinued rather than be leveled or in some way recomputed in an attempt to determine the right time value for the operation.

The foreman's responsibility in connection with the worker's cooperation may be restated thus: It is his duty—

1. To get the worker's cooperation.
2. To stay on the job with time study observers long enough to know that the job is going right.
3. To return frequently enough to know that the job is being properly performed.
4. To check carefully the completed time study to see that all reasonable time allowances are made for personal delays and interferences which are typical of the job; necessary rest and similar factors.
5. To see that the workman has not caused the time study to be loaded with unnecessary time.

In some cases, operators who are being timed work exceptionally fast, either because they have more than average skill, take pride in showing how fast they can do the job, or have a better physical adaptability for the job than the average person. In such cases, the time study observer and the foreman need to consider the time study to determine whether a little more time should be allowed for the operation to set the time right for the average operator.

The foreman has another set of duties after the time study is completed. He should always sign the time study to indicate that he considers it a fair and proper timing of the job, and should thereafter sustain and defend the work of the time study department. Frequently the shop foreman avoids his own responsibility to keep his men in line by blaming the time study department whenever the employees "kick" about the time allowed for a given job.

Not infrequently, when the workmen complain about the price on a job, the foreman will say, "Well, of course, if I had set the price, it would be right, but I didn't have anything to do with it; it was the time study department." By "passing the buck" to the time study department, he alibis himself out of the situation. Unless your foreman and your time study department work together, you are bound to have a lot of trouble connected with incentive prices. In some cases, even superintendents "pass the buck" in order to keep themselves in the good graces of their men. This is a most unfortunate situation when it occurs, and foremen and superintendents should be held strictly responsible for backing up the time study department in their conversations with their men.

Time study observers are no more perfect than anyone else. If, after a job has been worked upon for a reasonable period, the employee on the job questions the time allowed, it should be the foreman's duty to go with the worker to his machine or workplace and make a thorough checkup to see that the equipment and methods of doing the work are correct, that the employee is doing the work properly and using the proper feeds and speeds. If the foreman finds that the man is doing the work properly and the time seems to be too tight, it should be his duty

to ask the time study department to recheck the operation and, if necessary, make a new time study. He should not, however, request new time studies until he is satisfied that there is genuine doubt about the accuracy of the initial time study.

When a job has been properly set up and timed, it becomes the shop foreman's duty to instruct all employees assigned to that operation in the correct way to perform it, so that they can make incentive earnings in the time allowed and at the incentive rates as set.

Frequently when employees are dissatisfied with incentive prices, it is because of their inexperience, lack of skill, or lack of knowledge of how to do the work in the best way. In still other cases the machine or equipment is not working properly, or the tools or materials are faulty. It is the shop foreman's duty to correct, so far as possible, all the conditions which prevent an employee from making out satisfactorily at the time allowed and incentive rates established.

The incentive price applied to any job should be one at which an experienced operator, doing good work under the methods and with the equipment and materials existing when the price was set, can make earnings which would be considered fair and proper for his occupation, bearing in mind that he is exerting more effort than when on a daywork basis. Ordinarily it can be assumed that employees paid by the hour will not produce more than 50 to 70 per cent as much work as those on an incentive basis.

If an employee's earnings are far above what was expected when the price was set, it becomes the foreman's duty to check carefully to see whether the employee has stepped up the feeds and speeds, with possible damage to tools or materials or whether he has introduced new methods of doing the work which were not contemplated when the incentive price was set.

From an address by D. D. Lescohier before the Industrial Relations Conference of the Industrial Relations Association of Wisconsin.

Pay-As-You-Enter Plan for Faster Food Service

HOW TO serve hot food to 15,000 employees who have only half an hour for lunch is a problem that has been solved at Marinship Corporation, Sausality, Calif., by opening a series of canteen units which feature pay-as-you-enter turnstiles.

Each canteen is divided into several sections, and each section displays a large sign listing the one combination of food it offers and the price. Some sections are devoted to 50-cent lunches, including meat, potatoes, one vegetable, three slices of bread, and coffee or milk. Others offer a 25-cent service in which the chief item may be chili, frankfurters, or other foods in the same price range. Another section is headquarters for sandwiches, ice cream, coffee, fruit, and cigarettes.

By virtue of this layout, workers are able to choose their meals before they step in line in front of the turnstiles. Then, when they reach the windows where the hot meals are dispensed, they find the food ready served on plates kept hot in electrically heated cabinets.

Since no time is lost while customers are making up their minds, or for making change, the lines move rapidly. Each customer drops his coins into the turnstiles before he reaches the serving windows. Once at the head of the line he picks up his food-laden plate from a shelf within a sliding door cabinet, and then pauses at an adjoining window long enough only to be served his bread and beverage.

—*Factory Management and Maintenance* 1/45

Industry Does Something About the Weather

MORE and more factories are finding it necessary to make their own weather. Manufacturers of penicillin, for instance, have to keep their thermometer at a constant 74 degrees and the humidity at 55 per cent to be sure their product is the same from one batch to the next.

Among the many hurdles the synthetic rubber industry had to clear was temperature control. The makers of one variety, in at least part of the process, keep their materials at a temperature of 100 degrees below zero.

The quality in glass which makes it able to resist bullets is determined by weather conditions prevailing during manufacture. Because the plastic placed between the various layers of glass is extremely sensitive to moisture and temperature, the assembly room where this "sandwich" is put together must have a steady temperature of 60 degrees and a humidity of 20 per cent.

Once upon a time bouillon cube makers shut up shop during the summer and even on humid winter days. These cubes are hygroscopic (highly absorbent) and picking up moisture from the air, they stick to automatic compressing and wrapping machines. But now the industry, by automatically holding the thermometer at 70 to 72 degrees and maintaining a humidity of 30 per cent, works the year around turning out its product for the armed forces and for lend-lease.

Even blast furnaces depend on weather control for efficient operation. In ordinary weather the air pumped into the fire daily contains tons and tons of water. By controlling the moisture content of this air, however, steel men have reported not only gains of as much as 27 per cent in production but lower fuel consumption and a more uniform product. It is estimated, in fact, that by pumping dry air into 50 furnaces with a daily average capacity of 1,000 net tons or more each, enough extra steel could be provided each year to make 60,000 30-ton tanks or 40 battleships.

These are typical examples taken from the more than 200 industries which require some sort of manufactured weather in their operations. Among the others are candy, chewing gum, textiles, paper, printing.

—JOSEPH M. GUILFOYLE in *The Wall Street Journal* 11/24/44

Novel Waste Paper Drive

AN original idea to emphasize the importance of waste paper conservation and to get the cooperation of employees in collecting it is being employed with great success by The Alexander Film Company, of Colorado Springs, Colorado.

The committee in charge of the waste paper drive appealed to everyone in the organization to bring their old newspapers and magazines to work with them each day, and it is surprising how many tons of paper have been collected in this manner. The paper is baled and sold to a local junk dealer.

What becomes of the money? It all goes into War Bonds. As enough money is collected to buy a bond, the names of the boys who formerly worked for Alexander and are now in the armed services are placed in a hat and a name drawn out—*that boy gets a War Bond!*

The collection of waste paper—the conversion of the proceeds into War Bonds—the direct help to the boys who deserve it the most—combine to make "The Three Point Landing on Hitler" plan.

—*Industrial Relations* 10/44

Union Wages and Hours of Motor Truck Drivers, July 1, 1944

AVERAGE hourly wage rates on July 1, 1944, were 98.3 cents for union motor truck drivers, 81.4 cents for helpers, and 96 cents for the combined groups. This represented an advance in wage rates of 1.7 per cent for drivers and of 2.5 per cent for helpers, compared with July 1, 1943. Normal workweeks provided in union agreements averaged 46 hours for drivers and 45.3 for helpers. Paid vacations were provided in agreements covering over three-fourths of the union members.

—*Monthly Labor Review* 12/44

Marketing Management

Interviewing the Ex-Serviceman

SALES managers who desire the services of returning veterans will have to "sell" them on selling. It is a wise sales executive who has his organization in shape to do that job. Furthermore, the returning serviceman must be the right man for the job if he is to succeed. In the Moorman Manufacturing Company we use the personal interview as a major basis for our decision on whether or not an applicant is fitted for a sales job.

There are two people to be considered in the interview. The one generally considered first is the applicant; but here I should like to consider first the interviewer and his personality. Applicants cannot be interviewed intelligently unless the interviewer is objective.

There are three things which make the average interviewer's judgment unreliable: (1) He often doesn't know what questions to ask; (2) he frequently does not know the significance of the answers; and (3) he invariably is subject to a wide variety of biases.

An interviewer must guard constantly against judgment based on emotion. He must avoid thinking of people in terms of stereotypes, and be devoid of bias.

There are many ways to arrive at the qualifications you expect an applicant to have. Some of the qualifications are tangible, some intangible. The tangible can be studied, surveyed and nailed down. He either has them or he hasn't. To appraise the intangible qualifications, however, requires judgment. They are: industry, personality, motivation, ability to get along with people, stability, loyalty, and willingness to accept responsibility.

In our business, we arrived at our tangible standards by a screen through which all salesmen must pass. We studied 1,780 men—900 who were successful, and 880 who had been with our organization at some time and left. We found that our personnel records contained 69 items of information about these men; such facts as their age, marital status, dependents, previous sales experience, home ownership, membership in lodges and clubs, etc. The 880 who had left us were the control group. All data were punched on cards and cross relationships were run on I.B.M. equipment. Before we did this, every man received and overall rating in the following manner: Sales managers, sales correspondents, service department, credit department, each gave him a rating. The sales department rated him on the basis of the business he produced in relation to his potential. Each of the 1,780 men then had an over-all rating of 1, 2, 3 or 4. Thus we were able to determine whether an old or young man was best for us, whether a man with four dependents was better than a man with none, whether a man with six dependents was as good as or better than a man with four. From this study we learned that there were only 10 factors that had any significant relation to sales success.

On the basis of this survey we devised a personal history scoring sheet which we use as a screen. If a man doesn't have sufficient tangible quali-

fications to go through the screen, he isn't interviewed and is immediately dropped from consideration for sales work.

The intangible factors the interviewer must consider in our business are these: demonstrated habits of industry, good motivation, well-adjusted personality, demonstrated ability to sell, some evidence of leadership ability, and some concrete achievements.

All our selection is done on one major premise: that you can predict what a man will do in the future only from what he has done in the past.

We interview on this basis: If you are going to find out something about an applicant before you hire him, why not find out all about him?

The interview is begun by putting the applicant at ease. A sincere attempt is made to establish good feeling between the interviewer and the prospective salesman. The interviewer should understand in the beginning that he can't believe everything the applicant tells him; sometimes the applicant tries to conceal things he would rather not have the interviewer know. Of course, he is prepared to paint a rosy picture of himself. There is, to him, a good reason for everything he has done. It's the interviewer's job to get the *real* reasons why he left certain jobs, why he moved to another town, why his wife left him, and so on. To begin, we get a complete work history, starting with the last or the present job, and account for every month the applicant worked. We begin with the present or last job because that's the easiest for the applicant to remember. The prospective employee is usually tight when you begin, but with encouragement he gradually loosens up and talks.

One thing an interviewer should learn is never to ask a question that can be answered by "yes" or "no." All questions beginning with *Who, What, When, Where, Which* and *How* require an explanation. With this technique, the applicant is forced to explain, and something usually slips which gives the clue for deeper probing.

Our company has a standardized interview form which all those who employ salesmen or managers use in interviewing applicants. This is a diagnostic form, prepared with a great deal of care, and is designed to give information about these intangible characteristics which must be personally judged. We ask questions about the candidate's family life, education, feelings toward people, etc. All this has a bearing on what the prospective salesman will be when he starts to work.

Every man has an interview form or permanent interview record, which is sent to the home office and appraised by a trained personnel officer before the applicant is accepted. This man makes his decision strictly from the facts. If he and the field interviewer agree, the man is accepted; otherwise the field interviewer is sent back for another look, with instructions on what to investigate further.

After the interviewer has asked the questions, he faces the problem of evaluating the answers. Here he must guard against seizing on any point and either qualifying or disqualifying the applicant because of it. If he suspects the applicant is an unstable person, for example, he must search for threads of instability throughout the applicant's work record. One or two changes of employment are not indicative.

When the good and bad qualities are listed and evaluated, the interviewer

is then prepared to rate the man and classify him. In the final analysis, his good points must outweigh and compensate for the bad ones.

It is well to change your planned interview to include a veteran's Army experience. Here again, you want to know how he got along, what happened to him, whether or not he was able to adjust himself to Army life, what effect his Army experience may have had on him mentally and emotionally. Your returning veteran will not be a sideshow freak. He will usually be a sincere youngster who feels he has lost a lot of time and wants to get going. Interview him and evaluate his qualifications just as you would anyone else's. By R. B. Hulsen. *American Business*, October, 1944, p. 23:4.

How Enemy Patents Can Aid Postwar Business

An opportunity is now open to the American manufacturer to make use of the approximately 45,000 foreign patents under the control of the Alien Property Custodian. Many of these patents are ready for immediate commercial application, while a few would require additional research because they pertain to broad, basic concepts rather than inventions or processes refined to the point of greatest efficiency. The Alien Property Custodian retains title to the enemy patents, and they will never be returned to their former owners. Licenses for the use of these patents are non-exclusive, so as many Americans as wish may obtain any of them.

The Alien Property Custodian has now made public the specifications of these latest inventions of foreign centers of research. They are published in a form much like that of a printed copy of a patent and may be purchased for 10 cents each from the Commissioner of Patents.

These patents cover many inventions which small operators should be interested in exploiting. Included are electric condensers and measuring instruments, radio tube assemblies, dry-cleaning equipment and compositions, printing and lithographic inks, containers, spark plugs, and similar items.

A survey of the general fields which these patents cover reveals that about 20 per cent relate to the chemical and so-called process industries. In addition to the 7,500 chemical patents, there are 1,300 in the field of ordnance and aeronautics; about 1,000 dealing with metallurgy; some 7,000 on electrical subjects. The great fields of manufacture, transportation, power and machinery are represented by the remaining 26,000 patents.

Among the patents in the Custodian's portfolio is one for preserving the delicate flavor of canned milk. Another relates to a flour improver for making dry gluten powder equal to wet gluten in baking processes. The Krause patents for dehydrating fruit and vegetable juices without sacrifice of esters, aromatics, vitamins and other volatiles await application by American enterprise. We have seized a number of patents in which ultra-high frequency methods are applied to such processes as heating plastic compositions and rubber preparatory to molding, extraction of metals from ores, and manufacture of laminated goods.

—Howland H. Sargeant in *Advertising & Selling* 10/44

Top Management Looks at Latin American Advertising

DURING the last year it has been particularly noted that top management is rapidly coming to a new understanding and appreciation of foreign trade, especially with Latin American countries.

One indication of the rising interest in Latin American markets has been the demand for copies of the *Latin American Media Cost Plan,* which was produced for the Office of the Coordinator of Inter-American Affairs by a committee of the War Advertising Council consisting of members of The Association of Export Advertising Agencies and other contributing advertising agencies. This plan, which was not intended to be definitive, provides a quick means for roughly estimating the cost of an advertising campaign in Latin American publications. The original lot was exhausted by requests from all over the country. New copies are now available; and approximately 100 additional requests were filled in the last months of 1944.

A new and valuable aid to advertisers in Latin American markets is the radio handbook for Latin American countries which is the result of comprehensive and exhaustive research by the Radio Division of the Office of the Coordinator of Inter-American Affairs. This handbook, which provides the latest available data on radio, broadcasting stations, coverage, rates, and other pertinent information, is the most complete source of facts on radio yet made available.

Early in 1944 it became evident that soaring prices for consumer products in Latin American countries were creating a situation threatening serious loss not only of the good will United States exporters had built for their own products but also of the good will created by the great efforts undertaken toward better understanding among our neighbors of the other American republics. The rises were a handy weapon for the Axis to use in creating suspicion and resentment among friends and allies.

After consultation with exporters and the OPA, the Office of the Coordinator of Inter-American Affairs prepared a handbook, *Price Control—An Inter-American Problem.* It was made available to exporters with the suggestions that where possible export advertisers use the material in advertising or otherwise to show that American exporters are actually subject to controls that keep export prices at reasonably low levels and that they are not, therefore, responsible for excessive prices charged to local consumers in Latin American countries. Though it is difficult for many advertisers, because of limitations of space and layout, and the nature of their products, to include text on this subject in their advertisements, it is now apparent that the export trade is informed on the danger of the situation, and is giving greater attention to it.

During the past year the Office of the Coordinator of Inter-American Affairs has continued to provide export advertisers with advice on the text and layout of advertisements. It is an interesting and perhaps significant fact that most requests for this service come from the larger advertisers and better-equipped agencies. However, a number of articles and discussions on lan-

guage and technical requirements have appeared which give the impression that it is far more difficult and complicated to advertise and do business in Latin American countries than is really the case under normal conditions.

During the year there was prepared in the Office of the Coordinator of Inter-American Affairs a paper on the use of written Spanish in Latin American countries. This was intended as reassurance to those exporters who were being impressed with the idea that in almost every one of the Spanish-speaking countries a separate idiom is required. It explained that good Spanish copy is good wherever good Spanish is read. We know that in the United States various localities may use the words "spigot," "tap," "faucet," and "cock" for one and the same thing; yet such variations are no serious obstacle to the use of national advertising for plumbing supplies.

There probably are fewer variations in written Spanish throughout Latin American countries than there are in written English in the United States itself. Since advertising media in Latin American countries may include a well-rounded symphonic orchestra or space for a word painted on the side of a bull in a corrida, there is room for endless discussion on this subject. However, a favorite word that American business might well drop from its vocabulary in Latin-American relations is "aggressive." There are many equally effective words, such as "vigorous," which convey what the North American has in mind without the connotation of belligerency in the word "aggressive," which always stirs resentment among Latin Americans. We are at war against aggression.

It recently has been announced that a trade association of another foreign nation is embarking on an institutional campaign in Latin American countries as basic background for the products of its members. For two years we have maintained to our trade associations that this is sound advertising procedure in a market of free enterprise. It is a means of promoting good will for the present and future that gives evidence of the economic strength of the United Nations as war partners without denying the right of fair competition. American trade associations might do well to undertake institutional advertising campaigns for their industries, against which members may project campaigns for their individual products when conditions warrant.

By W. A. ANDERSON. *Foreign Commerce Weekly*, February 3, 1945, p. 10:5.

Check List for New Products

WHEN manufacturers get the signal to go ahead with civilian production, wartime problems will give way to those of distribution. Many will consider the wisdom of introducing one or more new products. For some manufacturers, the production and distribution of a new product is an old story. But for many small or young manufacturers, it will be a new experience.

As an aid to small manufacturers in meeting these problems prior to actual introduction of a new product, the Bureau of Foreign and Domestic Commerce has prepared a *Check List for the Introduction of New Consumer Products.* It is based upon a similar publication, issued in 1935 and long since out of print, which proved most helpful a decade ago.

A copy of this booklet may be obtained by writing to the Bureau of Foreign and Domestic Commerce, Washington 25, D. C., or to your nearest Department of Commerce Field Office.

—*Domestic Commerce* 1/45

Packaging

The Coming Battle of the Packages

PACKAGES help make sales. In today's sellers' market, their artful aid is not particularly needed. Tomorrow, however, the story will be different—and so will the packages.

When military requirements are curtailed and the country faces the necessity of keeping its expanded facilities busy, we shall enter an era of intense competitive merchandising in which new and better packages will play a most important part.

We have learned more in a few months about how to pack for every purpose, every climate, every type of transport than ordinarily we would have learned in a generation.

Shortages of critical materials have forced civilian goods manufacturers to devise ingenious new packages and to utilize alternative materials which otherwise they might not have considered. Packers have "switched for the duration" from metal containers to glass, from foil to paper, from cellophane to paper, and so on.

After victory, what will happen? Will paints, oils and varnishes still be sold in glass? Will coffee go back to vacuum cans? Will chewing gum, tea, chocolate bars and cigarettes find glassine as good a wrapper as metal foil?

Some of the wartime innovations will become permanent. Products will gravitate to the type of package most suitable for their specific needs—costs and other factors considered.

But packaging and container materials which have lost markets as a result of the war will fight to regain them, and those which have won new markets will fight to retain them. New materials will be in the battle, too.

One tough competitive engagement will be between cans and glass.

Before the war, America opened, emptied and discarded more than 45,000,000 cans a day—about 17,000,000,000 a year—according to the Can Manufacturers Institute. Use of cans was increasing.

"The consumption of canned vegetables increased 55 per cent from 1925 to '40," reports F. J. O'Brien, president of the Institute, "and the consumption of canned fruits and juices increased 86 per cent."

Cans were invading the beverage market. "From 1937 to '41," says Mr. O'Brien, "the sale of packaged beer increased about 31.7 per cent, but the sale of canned beer increased 125 per cent."

Before Pearl Harbor, our annual consumption of tin for all purposes was about 130,000 tons. This has been cut to about 75,000 tons.

Glass has been pinch-hitting for metal containers on the home front. Since 1938, the annual production of glass containers has gone up from about 6,250,000,000 units to 14,400,000,000, reports the Glass Container Association.

Seventy-two per cent more glass containers were manufactured in 1943 than in '40. But the capacity of the average container was increased, so that 135 per cent more volume of product was packed in glass in '43 than in '40.

The glass container industry expects to hold on to its increased business, especially in the food field.

Obstacles have, in the past, held up the use of glass in the food field. Cost of packing in glass has been greater than in tin. Glass has been harder to handle, subject to breakage. Packers have had difficulty getting a good closure for glass containers, thus risking spoilage.

The glass industry has been working on these problems, feels that it has them licked. Today the price differential between glass and tin is not so great as it used to be—and may be still further reduced by increased production and by improvements in packing methods.

In cooperation with WPB, the industry has standardized glass containers for staple products, which tends to keep production costs down and makes for more economical packing. The industry has found a way to blow two containers mechanically where only one was blown before.

Glass is more uniform, stronger and more dependable than formerly. Glass containers are better "engineered," more scientifically designed, are lighter, tougher, less likely to break, closures have been improved.

The can industry is equally confident of its future. "Cans are here to stay," the Can Manufacturers Institute holds, "because they are easy to carry, easy to open, to heat, to ice—and easy to dispose of."

Tests conducted by the Continental Can Company in cooperation with the Army show that: "Dehydrated vegetables and fruits retain their original flavor, vitamin content and form best when packed in metal containers and hermetically sealed in inert atmosphere —nitrogen or carbon dioxide."

Dehydrated foods will offer a big field for cans after the war, the industry believes, when dehydration processes will be vastly improved and more and better dehydrated foods available.

The can industry has worked out a new electrolytic process of coating steel with tin which saves up to two-thirds the tin that was used in the old hot-dip method. Also, in lieu of tin, the industry has developed a fine-grain, synthetic lacquer which, sprayed on the steel plate, withstands drawing, bending and rolling and has proved suitable for cans for less corrosive products.

Other recent developments include: new alloys, speedier soldering techniques, new sealing compounds, new ways to prevent corrosion.

Not only will cans and glass be competing with each other but also with plastics, paper, aluminum, tin, wood, and with combinations of these materials. It will be a battle royal.

War has accelerated the development of plastics and expanded their application. New developments include stronger plastic films; a cellophane so thin it takes 1,000 sheets to make an inch-high pile; a protective coating which can be applied to a metal part to prevent corrosion and merely stripped off when the part is needed; new techniques for blowing thermoplastics like glass.

A bag of extra tough laminated plastic film inside a paper carton, now used to replace metal packaging, can be used for packing frozen foods. Sheets of cellophane waxed together make a moisture-resistant material suitable for bags and wrappers. Flexible plastics, it is predicted, will be used for vacuum packing.

Paper is now being used to pack more than 700,000 different items being sent to our armed forces. Some of these packages can be submerged in water without damage to the contents.

Paper can be made resistant to heat, proof against rodents, insects, gas and grease. By adding certain resins to the pulp, any type of paper from tissue to cardboard can be made extra strong. By the use of waterproof adhesives, paper can be combined with other materials.

Paper boasts that it can team up with plastic films and metallic foils in countless combinations to give almost any characteristics required in packaging materials.

Aluminum will be abundant after the war—and will have many uses for containers, collapsible tubes and foils. Aluminum is resistant to moisture, heat, light and chemical action. Because aluminum is non-toxic, the aluminum industry believes it will be widely used for packaging foods.

New techniques for heat-sealing aluminum foil make possible a completely airtight, moistureproof liner for a paper box—actually a "can" within a carton. On an experimental basis, sardines and tuna have been packed commercially in aluminum cans. Lower costs of sheet aluminum may expand this use postwar.

The coming battle of the packages will extend to every corner of the land, will make employment for hundreds of thousands—perhaps millions—of workers. Out of it will come constantly improved products at lower prices. By Art Brown. *Nation's Business.* November, 1944, p. 54:5.

Financial Management

Case History of 27 Government Audits

An analysis was recently made of the results obtained in 27 government audits, with a view to pointing out the more frequent errors made by the contractors in the presentation of their claims. The findings of this analysis are summarized below.

The 27 audits consisted of 15 termination claims, seven equipment and cost audits, and five redetermination-of-price audits. Using the composite amount originally claimed and the amount as recommended for approval, there was a recommended reduction as a result of the audit of approximately 14 per cent.

There were 117 audit adjustments, consisting of 16 adjustments in direct materials, eight adjustments in direct labor, 15 adjustments in factory overhead, 18 adjustments in tools and fixtures, six adjustments in administrative expense, two adjustments in post-termination expense, nine adjustments in the profit calculation, and 43 adjustments of other charges.

Material adjustments included two cases in which cash discounts had been omitted. The government contends that a cash discount is a reduction in price and that the actual cost to the contractor is the net after allowance of discount. In three cases, materials charged to the contracts were purchased for other contracts and were not applicable in any manner to the contract in question. One test of the acceptability of the material charge is its applicability to the specific contract, unless it be a common item, in which case, it is given special handling.

In four cases there were errors in pricing on the part of the contractor. In three cases the contractor had overstated the inventory units, and such overstatement had to be removed from the charge. In one case the contractor had presented a claim for material which exceeded the requirements for completion of the contract. In a case where the contractor had filed his claim on the total cost method, he had failed to allow production scrap as a credit against such cost. In another instance the contractor had improperly classified a subject claim as a material cost. In another instance the contractor had given the government a duplicate credit for a salvage disposal and this matter was corrected.

The eight direct labor adjustments consisted of one overcharge due to an incorrect hourly rate being used, one duplication of a labor charge, one case in which replacement parts were charged as direct labor, two cases in which labor that had no application to the contract was included in the claim, two miscellaneous adjustments, and one case of a labor charge which was included as both direct and indirect labor.

In the case of factory overhead adjustments, one contractor had included depreciation on the appreciation of fixed assets. Quite a few of the factory overhead adjustments consisted of correcting errors in the mathematical distribution. In some cases also the contractor had accrued expenses, and as of the date of the audit it was possible to examine the actual expenses and correct such accruals to actual. By using standard overhead distribution a number of contractors had over-applied their overhead, and adjustments were made by the auditor to cover such variations. In a few cases the contractors had used an incorrect principle in determining their method of distribution. Then a number of contractors made haphazard estimates of the overhead amount, and the auditor made corrections using a more technical basis for distribution. Quite a few factory overhead adjustments were made in the amounts, due only to a change in the direct labor dollars amount on which such distribution was made.

Contractors' claims for costs of special tools were found to be inflated in one case, because the cash discount had not been deducted; in three cases, because the tooling was not applicable to the contract on which the claim was being made; in one case, because the tools were not physically available although the contractor had included them in his claim. In four cases the contractors made charges against the contracts for the original cost of the tools failing to amortize a proper cost over the units actually produced. There were two miscellaneous adjustments, and three cases in which the overhead was found to be inflated.

Administration expense adjustments consisted mostly of substitution of a scientific approach for a haphazard estimate of the applicable expenses. There were also certain duplications and mathematical errors which required adjustments.

The post-termination expense adjustments recommended by the auditor consisted entirely of recommended reductions in the percentage to be allowed for handling charges on materials sold by the contractors. Such contractors had maintained no records of actual cost and had asked for percentage of cost allowance which appeared to be inflated.

An auditor in termination accounting never makes actual audit adjustments with regard to profit. He does, how-

ever, make recommendations which are considered by the contracting officer or the negotiator in the settlement of the profit problem. In one case a prime contractor had included in his claim all the profit which he would have realized had his production continued until completion of the contract. Our audit report recommended that profit be allowed at the indicated rate on the work which had actually been performed and on the limited formula basis for the unprocessed materials. In another case, however, the contractor's own records clearly indicated that he was operating at a loss. In this case the auditor recommended that since the contractor was operating at a loss, it was doubtful if any profit allowance should be made.

By CLARK L. SIMPSON. *N. A. C. A. Bulletin,* September 1, 1944, p. 12:5.

Insurance

Developments in Workmen's Compensation

DURING 1944 a number of states adopted the 1943 workmen's compensation rating program, bringing to 27 the number now using it. The program, it will be recalled, embraces the advance premium discount plan together with three separate retrospective rating plans. Pennsylvania departed from its original restrospective rating plan by establishing a maximum premium equal to 110 per cent of the earned standard premium for risks at all premium levels. Originally the plan provided for a maximum premium equal to the standard premium but the necessity for lower basic and minimum premium factors indicated the advisability of creating a penalty premium of 10 per cent.

Rates continued their downward course, there being decreases in 33 states and increases in only three of the 36 reviewed. These states are listed here together with the percentage of decrease or increase in rate level. It will be observed that the only notable increase occurred in Idaho, and this to a large extent was brought about by elimination of the statutory occupational disease rates and the inclusion of such charges in the basic annual rates.

State	*Modification*
Alabama	—5.2%
Arizona	—15.0
Arkansas	—7.8
California	—8.0
Colorado	—6.1
Connecticut	+1.1
Delaware	—17.0
Dist. of Col.	—12.3
Georgia	—8.8
Idaho	+11.4
Illinois	—6.1
Indiana	—7.3
Iowa	—6.9
Kansas	—11.8
Kentucky	—10.3
Maine	—6.9
Maryland	—13.2
Michigan	—7.9
Minnesota	—1.4
Missouri	—9.4
Montana	—7.5
Nebraska	—14.7
New Hampshire	+0.3
New Jersey	—0.8
New Mexico	—6.5
New York	—7.7
North Carolina	—9.9
Oklahoma	—13.6
Pennsylvania	—8.3
Rhode Island	—3.1
South Dakota	—5.2
Tennessee	—17.0
Texas	—6.7
Utah	—18.0
Vermont	—8.1
Wisconsin	—4.2

The foregoing table embraces rate changes effective in 1944. Further rate reductions in several states have recently been announced for application in 1945.

Legislation affecting the scope of workmen's compensation statutes was limited primarily because 1944 was not an active legislative year. Virginia extended its workmen's compensation law as of July 1 to apply to 15 scheduled diseases. The employer at his option may accept liability under the compensation law for all occupational diseases. New Jersey established an elective system of compensation for total disability or death resulting from silicosis or asbestosis which became effective January 1, 1945. In Kentucky, the privilege of voluntary election to come under the law with respect to silicosis was given all employers and employees instead of only those in certain designated industries as was the case before.

By H. P. STELLWAGEN. *The Journal of Commerce,* January 15, 1945, p. 9A :2.

WDC Premiums and Losses

THE WAR Damage Corporation has issued figures on its operations during the last two and a half years. More than 6,500,000 policies have been issued covering policyholders against loss resulting from enemy attack or from action of American forces in resisting enemy attack. The Corporation's maximum insurance liability has been $140,000,000,000, including $3,500,000,000 on money and securities.

It has collected $223,987,000 net premiums. It has paid $323,800 for losses occurring before July 1, 1942. Most of that was in Hawaii and Alaska. All property was automatically insured before July 1, 1942, with no premiums required. Payments to policyholders for losses, after July 1, 1942, were not announced but are believed to be much less.

The WDC told how some of the claims had been settled, summarizing as follows:

1. More than $4,500 for damage to a building in Hempstead, L. I., caused by the falling of an Army airplane. Says the Corporation: "The crash occurred during an alert while the plane was on a patrol flight against the enemy."
2. A number of claims resulting from the explosion of the United States destroyer *Turner* in New York harbor on January 3, 1944. Most of these were for small amounts.
3. Several claims in the Los Angeles-Long Beach area for damage resulting from falling shells from anti-aircraft guns. The Corporation decided this occurred in resisting enemy attack because: "This Corporation was informed that, at the time of a reported enemy attack, unidentified aircraft, believed to be that of the enemy, was fired at by anti-aircraft guns."
4. More than $1,000 for damage to an oil company's property on the California coast which was shelled by a submarine, "probably Japanese."
5. A claim of $10 for damage to a house in the San Francisco Bay area struck by a Navy blimp.

Most of the relatively small number of claims paid by War Damage Corporation have been in Hawaii and Alaska.

—*The Eastern Underwriter* 1/26/45

• THE AVERAGE ordinary policy written by 240 life insurance companies has increased significantly in face value during the decade 1933-43. In 1933 the average size ordinary policy written by these companies was $1,679. Though the average declined to $1,547 in 1939, for the past four years there has been a consistent increase until at present the average for 1943 has reached $1,814.

—*The Spectator* 11/44

Briefer Book Notes

NORMAL LIVES FOR THE DISABLED. By Edna Yost, in collaboration with Lillian M. Gilbreth. The Macmillan Company, New York, 1944. 298 pages. $2.50. This book offers a comprehensive picture of the magnitude of the problem faced by the handicapped. It shows what has been done and is now being done to help wounded men and women rehabilitate themselves. Addressed mainly to the handicapped themselves, the book will prove of interest to all who deal with handicapped people, as it cites concrete examples of successful adjustment, gives advice on what to do and where to go for information, and discusses the psychological and spiritual approach to the problems of the disabled.

SAFETY SUBJECTS. *Bulletin No. 67,* Division of Labor Standards, U. S. Department of Labor, 1944. Available from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 152 pages. 20 cents. An excellent training text in industrial accident prevention, for supervisors, safety committees, and state factory inspectors.

THE CLOSED SHOP: *A Study of the Methods Used by Unions to Attain Security.* Department of Industrial Relations, Queen's University, Kingston, Ont., 1944. 85 pages. $1.50. Analyzes the nature of the closed-shop issue, studies the arguments on both sides, and explores the possibilities for a sensible settlement. Though based mainly on Canadian experience, this study will prove nonetheless stimulating to labor relations executives in this country.

HOW TO THINK UP. By Alex Osborn. McGraw-Hill Book Company, Inc., New York, 1942. 38 pages. 50 cents. Helpful pointers on how to cultivate a creative imagination. There may be some ideas here that can be applied to company suggestion programs.

THE TRAINING OF VOCATIONAL COUNSELORS. Bureau of Training, War Manpower Commission, Washington, D. C. 77 pages. This report of the Advisory Committee on Vocational Counseling outlines the training required by vocational counselors in government agencies, community organizations, industrial personnel departments, and schools and colleges. It includes a brief description of selected federal agencies involved in vocational counseling programs, and a directory of agencies is given in an appendix. Designed primarily for those who will be responsible for the training and placement of counselors during the readjustment period.

PAPERS RELATED TO TIMESTUDY (Second Collection). Arranged by Phil Carroll, Jr., 6 Crestwood Drive, Maplewood, N. J. A collection of 25 helpful papers on time study and related topics, compiled (and in most instances written) by the author of *Timestudy for Cost Control.*

PERSONNEL RELATIONS: *Their Application in a Democracy.* B. J. E. Walters. The Ronald Press Company, New York, 1945. 547 pages. $4.50. Covers the following broad topics: Workers as Determinants of Personnel Relations; Management of Personnel Relations; Personnel Relations Techniques; Governmental Cooperation With and Regulation of Personnel Relations; Union-Management-Government Cooperation.

SILVER BAY INDUSTRIAL CONFERENCE PROCEEDINGS: 1944. Committee on Industrial Service, National Council of the YMCA, 347 Madison Avenue, New York, N. Y. 160 pages. $1.00. Stimulating addresses on a variety of personnel and industrial relations subjects.

THE SCIENTIFIC SELECTION OF SALESMEN. By J. L. Rosenstein. McGraw-Hill Book Company, Inc., New York, 1944. 259 pages. $3.00. The value of Dr. Rosenstein's book lies largely in its provision, in non-technical terminology, of a background for construction and evaluation of psychological test batteries and the weighted application blank. Hardly laudable, however, is the author's uncritical acceptance, both explicitly and by implication, of these devices as "scientific" techniques to replace "undependable and unprofitable" human judgment.

PUBLICATIONS RECEIVED

[*Please order directly from publishers*]

GENERAL

An Appraisal of the Fatalistic View of Capitalism. Machinery and Allied Products Institute, 221 North La Salle Street, Chicago, Ill, 1944. 39 pages.

The Technique of Building Personal Leadership. By Donald A. Laird and Eleanor C. Laird. Whittlesey House, New York, 1944. 239 pages. $2.00.

PERSONNEL

Changes in Women's Employment During the War. By Mary Elizabeth Pidgeon. *Special Bulletin No. 20,* Women's Bureau, U. S. Department of Labor, 1944. Available from Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 29 pages. 10 cents.

War Factory: *A Report by "Mass-Observation."* Victor Gollancz, Ltd., London, England, 1943. 127 pages. 4*s.*6*d.*

The Role of Personnel Management Policies in America's Economic Future. By Marshall Matheny *et al.* Proceedings of a conference sponsored by The Economic and Business Foundation, New Wilmington, Penna., 1944. 32 pages. 35 cents.

Problems of Reemployment and Retraining of Manpower During the Transition from War to Peace: *A Selected, Annotated Bibliography.* *Bibliographical Series No. 75,* Industrial Relations Section, Department of Economics and Social Institutions, Princeton University, Princeton, N. J., 1944. 26 pages. 25 cents.

Outlook for the Serviceman: *A Discussion of the Education, Re-employment, and Rehabilitation of Veterans.* By Colonel John N. Andrews. Institute on Postwar Reconstruction, New York University, Washington Square, New York 3, N. Y., 1944. 184 pages. 30 cents.

Personnel Administration: *Records and Procedure.* Systems Division, Remington Rand, Inc., Buffalo, N. Y. 87 pages. Gratis.

The Recording of Sickness Absence in Industry (A Preliminary Report). *Report No. 85,* Industrial Health Research Board, Medical Research Council, London, England, 1944. Available from H.M. Stationery Office, York House, Kingsway, London, W.C.2. 17 pages. 4*d.*

Music in Industry: *A Manual on Music for Work and for Recreation in Business & Industry.* Industrial Recreation Association, Chicago, 1944. 64 pages.

Developing Safe Employees. Safety Bureau—Welfare Division, Metropolitan Life Insurance Company, New York. 46 pages. Gratis.

Re-Employment of Ex-Servicemen in the Iron and Steel Industry: *A Survey and Report.* American Iron and Steel Institute, New York, 1944. 163 pages. Gratis.

How to Teach Shopwork in Vocational Schools for War Production Industries. By P. T. McHenry. McKnight & McKnight, Bloomington, Ill., 1942. 46 pages. 25 cents.

Personnel Records. Industrial Welfare Society, Inc., 14 Hobart Place, London, S.W.1, England, 1944. 24 pages. 2*s.*

Personnel Problems of the Post-war Transition Period. By Charles A. Myers. Committee for Economic Development, 1944. Preliminary draft. 42 pages. Gratis.

Supervisory Management: *A Study of Methods and Techniques to Build Sound Management-Supervisory Relations and Improved Supervision.* National Association of Manufacturers, New York 20, N. Y., 1944. 27 pages. Gratis.

A Survey of Personnel Services. Compiled by the Student Chapter of The Society for the Advancement of Management, University of Minnesota, Minneapolis, 1944.

Protecting Plant Manpower Through the Control of Air Contaminants. *Special Bulletin No. 14,* Division of Labor Standards, U. S. Department of Labor, 1944. Available from Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 28 pages. 10 cents.

Safety in the Iron and Steel Industry. By Grover C. Brown. American Iron and Steel Institute, New York, 1944. 19 pages. Gratis.

Selected Source Material in Industrial and General Recreation. By George W. Haniford *et al.* Industrial Recreation Section, Division of Physical Education for Men, Purdue University, Lafayette, Indiana, 1944. 64 pages. 50 cents.

Nursing Practices in Industry. *Public Health Bulletin No. 283,* U. S. Public Health Service, Federal Security Agency, Washington, D. C., 1944. 70 pages. 15 cents.

Survey of Retail Manpower Problems. Central Council of National Retail Associations Affiliated with the American Retail Federation, Washington 6, D. C., 1944. 34 pages.

A Program for Supervisors in the Federal Service. Supervision Improvement Program, United States Civil Service Commission, Washington, D. C., 1944. 10 pages.

LABOR RELATIONS

The United States Conciliation Service: *A Dissertation Submitted to the Faculty of the Catholic University of America in Partial Fulfillment of the Requirements for the Degree of Doctor of Philosophy.* By Reverend Vincent I. Breen. The Catholic University of America Press, Washington 17, D. C., 1943. 258 pages. $2.75.

Management, Labor and Technological Change. By John W. Riegel. *Report No. 3,* Bureau of Industrial Relations, University of Michigan, Ann Arbor, Mich., 1942. 187 pages. $2.50.

Technologists' Stake in the Wagner Act: *The National Labor Relations Act in Operation as It Affects Engineers, Chemists and Architects.* Edited by M. E. McIver, H. A. Wagner and M. P. McGirr. American Association of Engineers, 8 So. Michigan Ave., Chicago 3, Ill., 1944. 270 pages. $2.00.

Arbitration Provisions in Union Agreements. *Bulletin No. 780,* Division of Industrial Relations, U. S. Department of Labor, 1944. Available from Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 18 pages. 5 cents.

MARKETING

Postwar Industrial Marketing Management Policies. By William Sampson *et al.* Proceedings of a conference sponsored by The Economic and Business Foundation, New Wilmington, Penna., 1944. 45 pages. 35 cents.

Check List for the Introduction of New Consumer Products. *Economic Series No. 41,* Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce, Washington, D. C., 1944. 44 pages. Gratis.

Operating Results of Department and Specialty Stores in 1943. By Stanley F. Teele. *Bulletin No. 119,* Bureau of Business Research, Harvard University Graduate School of Business Administration, Soldiers Field, Boston 63, Mass., 1944. 35 pages. $2.50.

Some Factors in Post-War Export Trade with British Empire. By Kathleen O. Horton and Thomas R. Wilson. *Economic Series No. 39,* Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce, Washington 25, D. C., 1944. 74 pages. Gratis.

An Analysis of Operating Data for Small Department Stores, 1938-1942. By Elizabeth A. Burnham. *Bulletin No. 121,* Bureau of Business Research, Harvard University Graduate School of Business Administration, Soldiers Field, Boston 63, Mass., 1944. 42 pages. $1.50.

Commercial Supplementary Teaching Materials: *A Discussion of Aids to Teaching as Furnished by Business Institutions.* The National Education Association, Washington 6, D. C. 24 pages.

Expenses and Profits of Limited Price Variety Stores in 1943 (Chains and Independents). By Edward C. Bursk. *Bulletin No. 120,* Bureau of Business Research, Harvard University Graduate School of Business Administration, Soldiers Field, Boston 63, Mass., 1944. 38 pages. $1.00.

Packaging Catalog — Encyclopedia of Packaging, 1944. Packaging Catalog Corporation, 122 East 42 Street, New York, N. Y. 766 pages. $2.50.

FINANCE—ACCOUNTING

Postwar Investment Programs and Policies. By Russell Hooper *et al.* Proceedings of a conference sponsored by The Economic and Business Foundation,

New Wilmington, Penna., 1944. 39 pages. 35 cents.

Depletion in the Oil Industry: ***An Analysis of the Financial Consequences of Various Methods of Accounting for Wasting Assets in the Oil Industry*** (A thesis presented to the faculty of the Graduate School of Business Administration, New York University, in partial fulfillment of the requirements for the degree of Master of Commercial Sciences). By Paul Forasté. Available from the author at 601 West 113 Street, New York 25, N. Y. 73 pages. Gratis.

Internal Auditing—Philosophy and Practice: ***A Symposium of Papers Presented During the 1942-1943 Season of The Institute of Internal Auditors.*** Edited by Charles J. Fue. Brock and Wallston, Stamford, Conn., 1944. 249 pages. $2.50.

Industrial Accounting—Transition Problems: ***1944 Yearbook.*** National Association of Cost Accountants, New York 17, N. Y. 220 pages. $3.00.

Your Income Tax. By J. K. Lasser. Simon and Schuster, New York, 1945. 159 pages. $1.00.

ECONOMICS

Economic Aspects of American Business Policies. By E. Perry Beatty *et al.* Proceedings of a conference sponsored by The Economic and Business Foundation, New Wilmington, Penna., 1944. 26 pages. 35 cents.

Technology and Livelihood: ***An Inquiry Into the Changing Technological Basis for Production as Affecting Employment and Living Standards.*** By Mary L. Fleddérus and Mary van Kleeck. Russell Sage Foundation, New York, 1944. 237 pages. $1.25.

MISCELLANEOUS

Suggested Research Topics in the Fields of Business and Economics, 1944. *Economic Series No. 38,* Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce, Washington 25, D. C., 1944. 31 pages. Gratis.

The Economics of Life Insurance: ***Human Life Values: Their Financial Organization, Management, and Liquidation.*** By S. S. Huebner. Revised edition. D. Appleton-Century Company, Inc., New York, 1944. 272 pages. $2.25.

Initial Study of Air Transportation. Air Transport Subcommittee of the Railroad Committee for the Study of Transportation, Association of American Railroads, 1944. 63 pages.

The Production Credit System for Farmers. By Earl L. Butz. The Brookings Institution, Washington 6, D. C., 1944. 104 pages. $1.00.

Scientific Management: ***The Hope for Owners of Modern Industry.*** By T. H. Morris. Published by the author, Johnson City, Tenn., 1944. 119 pages. $2.00.

Boomerang

THE "EXIT interview"—in which a trained personnel officer questions employees who announce they're going to quit—has proved to be a most useful device in getting precise information about the causes of plant turnover.

In its original form, exit interviewing was not thought of as an opportunity for persuading employees to change their minds and stay on the job. But in many plants it has developed that way, despite professional contention that the candid expressions from workers which are required if the root causes of turnover are going to be determined are just not forthcoming in exit interviews which become sales talks, or arguments.

Last year the War Manpower Commission broadcast the information that a war plant had hired a one-armed discharged Marine as an exit interviewer. Implied was the notion that when employees who wanted to quit came face-to-face with a man who had lost a limb in battle, they would feel ashamed and stay on their job. Some companies thought it a shrewd idea and hired veterans with obvious injuries as exit interviewers. Almost all of them have by now quietly abandoned the practice. They found that a worker determined to quit simply didn't appear for an exit interview; he walked out without notice and sent his wife in later for his last paycheck. The method succeeded in drying up the single most important source of information on why employees quit.

—*Business Week* 1/27/44

Consumer Attitudes Toward Current Advertising

IN recent months there has been considerable speculation regarding the reaction of consumers to various war and other themes found in current advertising. In an endeavor to gain some concrete evidence of such reactions, the Committee on Consumer Relations in Advertising has just completed a survey designed to determine consumer attitudes toward 14 of the more frequently occurring copy themes.

Analysis of the first 817 questionnaires to be returned reveals that advertising that tells how to conserve and yet get the most out of one's equipment, clothes, etc., is the most appreciated, receiving 95% approval. Advertising that explains rationing or other government regulations placed second, receiving 90% approval; with advertising that tells how to plan nutritious meals and "stretch" rationed or scarce foods running a close third with 89% approval. Advertising by individual firms that (1) promotes the war effort by encouraging purchases of war bonds, salvage of scarce materials, etc.; (2) that promises wider distribution of products at lower cost; (3) that features peace, freedom and security in the postwar world; and (4) that informs one of the availability of booklets giving product and other information which may be obtained by writing the advertiser, received respectively 83%, 77%, 74% and 71% approval. Seven other copy themes received, in each case, less than 70% approval. The theme which received greatest disapproval was that which urged the immediate postwar relaxing of federal controls over materials and prices, 58% of the replies indicating dislike for this type of advertisement. Advertising that features products and product changes that are so different from prewar models that they probably will not be produced for several years after the war received more negative than positive votes, as also did advertising that promises prosperity and jobs in the postwar period.

On the whole, it may be concluded that the more specific, concrete and informative advertising is favored while that which is vague or deals in generalities is disapproved. Also there is evidence which indicates that advertising which appears to be making a sincere attempt to aid in the war effort is approved, but if insincerity or self-interest is the least apparent, such advertising meets with disapproval.

Relation of Executive Compensation to Sales

WIDESPREAD differences in proportion of sales dollar paid to executives as compensation occur among different industries and among companies of different size, according to a report by the National Industrial Conference Board. Among the manufacturing industries, total executive compensation in 1941 ranged from .3 per cent of net sales for petroleum and coal products to as high as 4.4 per cent for printing and publishing, according to data compiled by the U. S. Treasury Department. An analysis of Treasury data by size class shows that companies having assets over $100,000,000 paid, on average, .3 per cent of sales to their executives, while companies in the smallest size class, with assets under $50,000, paid 6.5 per cent of sales. While dollar amount of total executive remuneration was higher in 1941 than in 1931, proportion of sales paid to executives declined rather steadily from 2.7 per cent in 1931 and 2.9 in 1932 to a low of 1.9 in 1941.

—*Commerce & Industry Bulletin* 2/7/45

Half War Workers Need Eye Glasses, Says WPB

WAR PRODUCTION is hard on the eyes as well as on the enemy, the War Production Board says.

Nearly half of the nation's war workers need glasses and could do a better job if they got them, the WPB concluded after a survey of 7,500 plants.

But plant managers don't do much about it; 92 per cent of the plants do not examine the eye condition of workers who have been reported for poor production; 30 per cent do not know if the lighting in their shops is up to the American standard code; 63 per cent of those who provide prescription glasses do not understand the need for having prescriptions suited to the worker's job.

—*The Wall Street Journal* 1/22/45